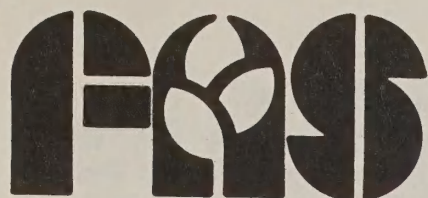


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# REPORT

United States  
Department of  
Agriculture

Foreign  
Agricultural  
Service

Washington, D.C. 20250

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 35-81

WASHINGTON, Sept. 2--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

## GRAIN AND FEED

Harvest in the SOVIET UNION is now in full swing east of the Ural Mountains where fair weather in many sections of the vast spring-grain area has enabled the continuation of a rapid harvesting pace. By Aug. 24, grain and pulses, excluding corn, had been swathed on 84.4 million hectares, compared with 63.7 million hectares on the same day last year and the 1974-80 average of 71.9 million hectares. The threshed area at 75.5 million hectares also is well above last year's level of 53.8 million hectares and the 1974-80 average of 61.2 million hectares.

In parts of Kazakhstan and western Siberia, heavy precipitation and frost often occur in late August and such weather can result in significant harvesting losses. Thus, Soviet leaders have impelled the country's agricultural workers to take advantage of existing favorable conditions. Minimizing harvesting losses this year is paramount, as adverse weather earlier in the season reduced the projected 1981 Soviet grain crop to an estimated 185 million tons--the third consecutive poor harvest.

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AUSTRALIA'S grain handlers returned to work Aug. 25, after a two-week walk out. The Waterside Workers Federation agreed to end their work stoppage when four union members were reinstated after a demarcation dispute with a competing union. Final settlement is pending an arbitration commission decision which is expected in the next few weeks.

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In CANADA, grain handlers at Thunder Bay have been working without a contract. Following the receipt of the conciliation commission's report and a recent strike vote, the union is now in a legal position to walk out.

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With U.S. RYE SUPPLIES the tightest they have been in four years, U.S. rye prices have increased by more than 10 percent since this time a year ago. This boost is in marked contrast with prices for other grains, which have slumped below year-ago levels. Since the early sixties, U.S. rye area has gradually fallen off, with farmers shifting to more profitable crops. During this period, domestic food use of rye has declined, while feed use has remained relatively unchanged.

In 1980/81, U.S. rye exports at 190,500 tons were the largest since the 1973/74 record of 711,000 tons. Exports increased to Romania, the Netherlands, Norway, Mexico and Canada. Of these principle U.S. markets, only the Netherlands and Norway are expected to import rye in 1981/82.

World rye trade has remained fairly stable over the past fifteen years at roughly 800,000 to 1.1 million tons, with the exception of the 1972/73-1973/74 period when Soviet demand was particularly strong. About 65 percent of the world rye crop is consumed as food.

In recent years, the Soviet Union and Poland have been the world's chief rye importers, accounting for around 62 to 70 percent of world rye imports. Canada and the European Community (EC), are the main rye exporters, sharing about two-thirds of the market; in the past two years, however, as EC rye has decreased and Canadian area has climbed, Canadian rye exports have tended to exceed those of the EC. Overall, the United States has generally accounted for less than 10 percent of the world rye market.

World rye exports and the percentage of the market share in parentheses are as follows in 1,000 tons for major exporting countries during specified marketing years (July-June).

	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>	<u>Projected 1981/82</u>
EC-9	383 (41)	460 (53)	468 (40)	210 (18)	195 (22)
Other West					
Europe	137 (14)	107 (12)	73 (6)	124 (11)	85 (9)
East					
Germany	138 (15)	100 (11)	100 (9)	150 (13)	100 (11)
Canada	273 (29)	153 (18)	398 (34)	450 (39)	400 (44)
United States	-- (0)	9 (1)	73 (6)	170 (15)	76 (8)
Other	<u>14</u> (1)	<u>42</u> (5)	<u>60</u> (5)	<u>45</u> (4)	<u>50</u> (6)
Total	945	871	1,172	1,149	906

#### DAIRY, LIVESTOCK AND POULTRY

SOUTH KOREA'S beef consumption is showing significant recovery, following a rapid improvement in the economy from last year's recession. Beef prices have risen about 10 percent since they were decontrolled on Aug. 5. To satisfy this higher demand for beef, the Ministry of Agriculture and Fisheries (MAF) is now planning to import 19,000 tons of boneless beef in 1981, an increase of 6,000 tons over earlier projections recently reported. Beef imports in 1980 totaled only 500 tons.



The Ministry also recently doubled its beef cattle import ceiling to 20,000 head for 1981, including both breeding stock and feeders. This move is seen as part of an effort to build up beef numbers, which dwindled 10 percent over the twelve months ending in June 1981. The culling of low-quality dairy cows also is being encouraged to aid expansion of beef supplies and to conserve the beef breeding herds. As an incentive to dairymen, dairy cattle imports of up to 3,000 head are being authorized this year.

In addition, the recently established Center for Meat Consumption Pattern Improvements is intensifying efforts to divert consumers away from beef by promoting greater consumption of pork and poultry meat for which Korea is self sufficient.

#### HORTICULTURAL AND TROPICAL PRODUCTS

BRAZIL'S 1981/82 (June-May) sugar crop has not been as seriously affected by the July frost as first thought. As a result, officials of Brazil's Sugar and Alcohol Institute (IAA) believe that the government's goal to produce 8.6 million tons of centrifugal sugar (raw value) this season still can be achieved. However, the final sugar output in the south-central producing states hit by the frost will depend, in large part, on weather conditions during the next month. If the 1981/82 goal of 8.6 million tons (raw value) is achieved, it would represent a 5-percent increase over last year's output which accounted for 9.5 percent of world sugar production.

The extent of frost damage to Brazil's 1982/83 sugar crop is unknown. It is known, however, that young cane scheduled for first cutting in 1982--accounting for 20 to 30 percent of the cane area--was especially hard hit by the frost and is currently the government's major concern.

#### COTTON

BRAZIL recently granted a cotton export quota of 30,000 tons (138,000 bales of 480 lb) in response to sluggish domestic textile activity and the resulting excess supply of lint cotton. Cotton exports will be aided by two measures approved by the government. One, a 180-day deferral of the 13-percent export tax and the other, a deferral of loan repayments through the use of 120-day promissary notes instead of cash. Because of the surplus in high-quality cotton supplies, imports for the 1980/81 marketing year were limited to 3,000 tons (14,000 bales of 480 lb).

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In Brazil, favorable crop financing is expected to result in a relatively stable 1981/82 cotton crop. The newly announced basic cost values (BCV) for South/Central Brazil--which is the basis for subsidized production financing--has placed cotton in a relatively more favorable position, compared with competing crops such as corn or soybeans. According to the U.S. agricultural attache in Sao Paulo, Brazilian cotton production in 1981/82 is

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expected to total 2,756,000 bales, slightly higher than the excellent 1980/81 crop which benefitted from good weather during the growing and harvest season.

#### OILSEEDS AND PRODUCTS

ARGENTINA removed all remaining export taxes on agricultural exports, including those on oilseeds and products on July 31. These taxes were imposed on April 1 of this year as part of an economic package that also included a 30-percent devaluation. Export tax rebates also were adjusted by the directive. For oilseed meals, except soybean meal, the rebate is 5 percent. For soybean meal and all oilseed oils the rebate is 10 percent. There is no rebate for oilseeds. It is unclear now what taxes are being rebated since in the earlier scheme certain indirect taxes levied at the export level were the basis for the rebate. These indirect taxes have since been eliminated.

The impact of this measure on domestic food prices is expected to be minimal. In terms of export incentive, products most likely to benefit from the tax elimination/rebate establishing measure will be value added items such as oilseed meals and oils. (See Aug. 19 issue, WR 33-81, for information on grain export tax elimination in Argentina.)

#### RECENT FOREIGN AGRICULTURE CIRCULARS

World Grain Prospects Down Slightly, WCP 8-81  
Outlook for Soviet Crop Worsens, FG 29-81  
Current USSR Grain Situation and Outlook, FG 30-81  
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Coffee Supply and Distribution in Producing Countries,  
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World Oilseed Situation, FOP 14-81  
U.S. Seed Exports for the Marketing Year Through June and  
Comparisons with Previous Year, FFVS 8-81  
June Cotton Exports Off, FC 17-81  
World Cotton Situation, FC 18-81  
Monthly Data on Meat Imports--July 1981, FLM MT 16-81

TO ORDER, Contact: U.S. Department of Agriculture, FAS Information Services Staff, 5918-South, Washington, D.C. 20250. Tel. (202) 447-7937.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Sept. 1, 1981	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
Wheat			
Canadian No. 1 CWRS-13.5%.....	216.00	5.88	-13
U.S. No. 2 DNS/NS: 14%.....	186.00	5.06	-08
U.S. No. 2 DHW/HW: 13.5%.....	194.00	5.28	-24
U.S. No. 2 S.R.W.....	167.00	4.55	-02
U.S. No. 3 H.A.D.....	187.00	5.09	0
Canadian No. 1 A: Durum.....	<u>1/</u>	<u>1/</u>	<u>1/</u>
Feed grains:			
U.S. No. 3 Yellow Corn.....	139.50	3.54	-12
U.S. No. 2 Sorghum <u>2/</u> .....	144.00	3.66	-12
Feed Barley <u>3/</u> .....	142.75	3.11	+15
Soybeans:			
U.S. No. 2 Yellow.....	276.00	7.51	-14
Argentine 4/.....	272.00	7.40	-16
U.S. 44% Soybean Meal (M.T.)..	233.00	--	-9.00 <u>5/</u>
EC Import Levies			
Wheat <u>6/</u> .....	73.15	1.99	+03
Barley.....	63.35	1.38	+16
Corn.....	72.30	1.84	+25
Sorghum.....	65.35	1.66	+28

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis September delivery.







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